AIR MAIL

August 30th, 1944

Mr. R. E. Dwyer, Executive Vice President
Anaconda Copper Mining Company
25 Broadway
New York 4, New York

Dear Mr. Dwyer:

The following is a statement relative to the July, 1944 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	$ 12,445.75
Bismuth Refining	1,601.07

During July, the Lead Refinery treated 5,717 tons of material. Despite this rather high tonnage, the above income resulted from these numerous adverse factors:

Replacing Office Building Roof	$ 3,000.00
Vacation Payroll	2,000.00
Extraordinary Repairs	1,500.00
July antimony credit taken in June	800.00
Refining of High Bismuth Bullion in excess of anodes delivered to the White Lead Plant	750.00
Under-estimating value of "In Process Expense"	2,150.00
Adjustment in Metallic Tin Inventory	1,300.00

The last two factors, being unusual, are explained here:

Under-estimating value of "In Process Expense"

In a check-up of our "In Process Expense" items, it was discovered that a kettle of residue bullion was classified as a kettle of original bullion.

Adjustment in Metallic Tin Inventory

A physical inventory of our metallic tin stock on July 31st showed that we had been charging out too little tin in the production of Anacondaloy. We, therefore, had to make an adjustment, which amounted to the $1,300.00 shown above.

Change in Distribution of Selling Expense

Effective July 1st, 1944 Selling Expense is to be distributed against Gross Sales dollar value on the basis of 55% for the Zinc Oxide Department and 45% for the White Lead Department.

This change affected the incomes of both Pigment Departments in July as noted under the department summaries which follow.

ZINC OXIDE DEPARTMENT

The income for July was as follows:

Actual Cost Basis (Cost Sheets)	$ 1,456.92
Current Cost Basis	2,342.75

The French unit operated on 12 retorts for 23 days, and the American Block was shut down all month. One Muffle Furnace ran the entire month on the production of zinc oxide, while another Muffle Furnace operated on zinc oxide production for eight days, and on the treatment of residue metal for twenty-three days.

Adverse factors for the month of July were:

Increase in cost of sales from 7.5¢ per pound in June to 8.5¢ per pound in July	$ 16,700.00
Loss on sale of Tennessee Ore	1,500.00
Change in distribution of Selling Expense	3,000.00
Extraordinary repairs	850.00

Favorable factors:

Increase in sales price from 9¢ per pound in June to 9.4½¢ per pound in July	$ 8,700.00

Zinc Oxide Shipments to Chemical Warfare Service

We shipped 300 tons of Muffle Oxide and received payment for 100 tons of French Process Oxide, which we are holding in storage for C.W.S. August business with them was 200 tons of Muffle Oxide, which has been shipped; and 150 tons of French, which we are also holding in storage.

We have the usual assurances that C.W.S. will take 400 tons of Muffle Oxide in September, although we do not have their formal order as yet.

Exchange of Ore for Leaded Zinc Oxide

The trade we have been negotiating with the American Zinc Company to exchange 300 tons of zinc ore for an equivalent amount of zinc oxide, has not been closed. We hope to have all the details arranged within the next ten days.

WHITE LEAD DEPARTMENT

The income for July was as follows:

	Cost Sheet Actual Cost Basis	Current Cost Basis
Dry White Lead	$ 1,760.57 *	$ 2,242.85 *
White Lead-in-Oil	340.55	646.60

* Does not include shut-down expense of $12,254.87

The above income was favorably affected by changing the distribution of selling expense to the extent of $3,000.00.

After having been shut-down since July 1st, the White Lead Plant will resume operations on September 1st at a rate of 22 tons per day. We will adjust future operations in accordance with our sales.

High Bismuth Lead Shortage

With reference to the discussion we had in New York on the shortage of high bismuth lead, a further study revealed that with the assistance of the metal obtained from our special battery plate run, we believe we shall be able to take care of our requirements until such bullion arrives from Tooele.

INVENTORIES

Zinc Oxide Department

The total value of inventory for the Zinc Oxide Department on July 31st, 1944 was $429,550.73. This is a decrease of $56,000.00 as compared with June 30th and a decrease of about $200,000.00 since March 1st, 1944.

Refining Department

Metals in Refining Department inventories are lower, as compared below:

	Pounds Lead	Ounces Silver
January 1st, 1944	10,549,048	958,038
June 30th, 1944	9,786,530	664,578
July 31st, 1944	8,819,849	637,400

White Lead Department

During the shut-down in July, we were able to reduce the inventory in the White Lead by $35,000.00, down to $282,831.65.

WAR LABOR BOARD PANEL REPORT

Below is a summary of the recommendations made by the War Labor Board Panel.

"Seniority -- The Panel recommends inclusion of specific provisions.

"Hours of Work -- The Panel recommends (a) that overtime pay be computed on a daily or weekly basis; that not more than one basis shall be used to cover the same hours; the basis which results in the largest amount of overtime pay shall be used in computing the overtime pay due to an employee. (b) That the request for change in the scheduled work-week be denied.

"Wages -- The Panel recommends (a) that the Company be directed to prepare a list of job classifications and wage rates and that the same be made available to the Union. (b) That the Union request for shift premiums be denied. (c) That the Union request that employees placed on a lower rated job receive their regular rate of pay for a period of not less than one (1) week be denied. (d) That claims of wage inequalities or gross inequities be made the subject of grievance procedure.

"Vacations -- The Panel recommends that the vacation clause provide that employees with two years' service receive a vacation of one week and employees with five years of service receive a vacation of two weeks, and that vacation pay be a sum equal to the employees' average straight-time earnings for the six weeks immediately preceding the vacation period, with a minimum of vacation pay of forty and eighty hours, respectively.

"Arbitration -- The Panel recommends that an arbitration clause be included in the contract as the last step of grievance procedure; that such arbitration clause provide for the appointment of an arbitrator by the National War Labor Board, or the 8th Regional War Labor Board, whose decision should be final. That the clause further provide that the expense of arbitrating should be borne equally by the Company and by the Union.

"Military Clause - The Panel recommends that the request for the inclusion of a clause for re-instatement of an employee inducted into the military service and that the request for a clause making mandatory the one month's severance pay be denied.

"Management Clause -- The Panel recommends that the Union's request for change of wording in the management clause be denied."

We are meeting with the Union officials today, at their request, to go over these recommendations.

We trust that this information will be helpful.

Very truly yours,

G. E. Johnson.

GEJ/bm
cc: Mr.F.Laist

PNYC00009462